

Carl Perkins Financial Monitoring

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Perkins Financial Monitoring

- 18 financial reviews were scheduled
- 16 reviews have been completed
- 5 Cooperatives
- 11 School Districts
- \$2,223,802.63 of Perkins expenses reviewed
- \$27,228.91 was determined as unallowable
- 1.2% of Perkins expenses reviewed were unallowable

You have been scheduled for a financial review



Common Questions

- Why was I selected?
 - How can I avoid getting an audit or financial review?
 - Will I be selected next year?
 - Will I have to pay back money?
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- A financial review can trigger a program audit
 - A program review can trigger a financial audit

Monitoring Selection Process

10 risk factors that will determine who is monitored:

1. New recipient or new coordinator – 5 points
2. Audit results – Fiscal/Academic distress, Lack of Internal Controls, or Fraud – up to 5 points
3. Recipient receives $> \$100,000$ – up to 5 points
Consortia receives $> \$200,000$ – up to 5 points

Monitoring Selection Process

4. Recipient fails to meet deadlines for reports, reporting, application – up to 5 points
 - Expense report by August 15 – 1 point
 - Current year application after July 1 – 1 point
 - Prior year application after September 1 – 1 point
 - Late Completers previous year – 1 point
 - Late Placement previous year – 1 point
5. Grant funding approved after January 1 – up to 5 points

Monitoring Selection Process

6. Grant is amended by more than 25% in the last quarter – up to 5 points
7. Grant funding is not used – up to 5 points
 - 10% to 24% of funds – 1 point
 - 25% to 49% of funds – 3 points
 - 50% or more of funds – 5 points
8. Salary in current or prior year – up to 5 points
9. Recipient not monitored in the past five years – up to 5 points

Monitoring Selection Process

10. Recipient failed to request reimbursement in a timely manner – up to 40 points
 - After January 1 – 2 points
 - After April 1 – 5 points
 - After July 1 – 40 points
- Note risk factor may change based upon the results of our financial reviews and trends scene through out the program

Common Findings

- Missing or incomplete time & effort reports
 - PARs are missing, do not support actual expense
 - Semi-Annual certifications are missing
- Supplanting using federal funds for expenses required by state or by purchasing items on the minimum equipment list
- Annual expenditure report is incorrect or does not agree with budget, the list of equipment purchased is incorrect

Common Findings

- Substitute Pay not properly documented
 - Substitute pay cannot be a blended rate of pay
 - The substitute pay must be traceable to
 - actual costs
 - actual date
 - actual substitute
 - actual class/activity
 - must be recorded in the Perkins accounts

Common Findings

- Unallowable costs
 1. Costs are not in the grant's fiscal year
 2. Purchases were made prior to approval date
 3. Personal membership dues
 4. Unreasonable expenses
 5. Student related expenses
 6. Undocumented expenses
 7. Duplicate expenses

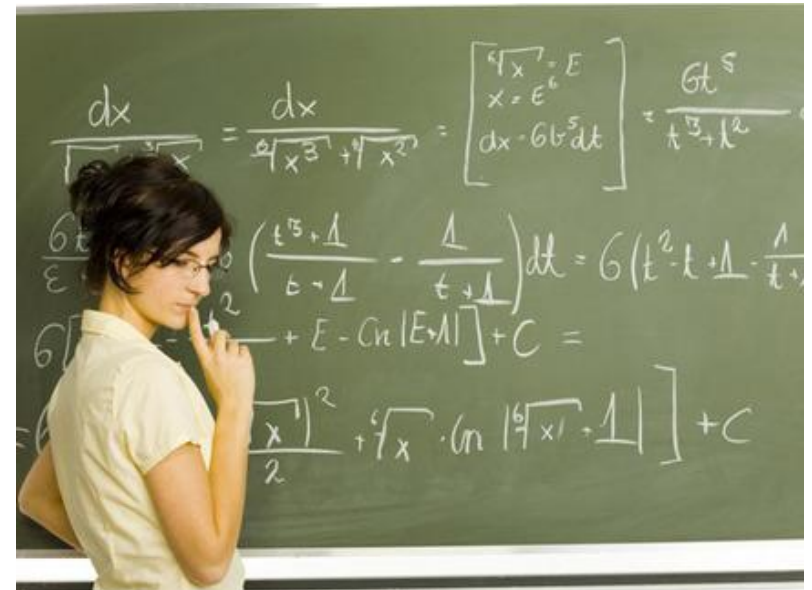
Finding – The same expenses are reimbursed through the Perkins grant and are also reimbursed by MOU

- Perkins Grants
- Perkins application
- Reimbursement is requested through the Portal
- How do you track these expenses?
- Who requests the money from ACE?
- Perkins MOUs
- Memorandum of Understanding
- Reimbursement is requested by mail
- How are these expenses recorded?
- Who receipts the money from ACE?

Common Observations

Time & Effort Report

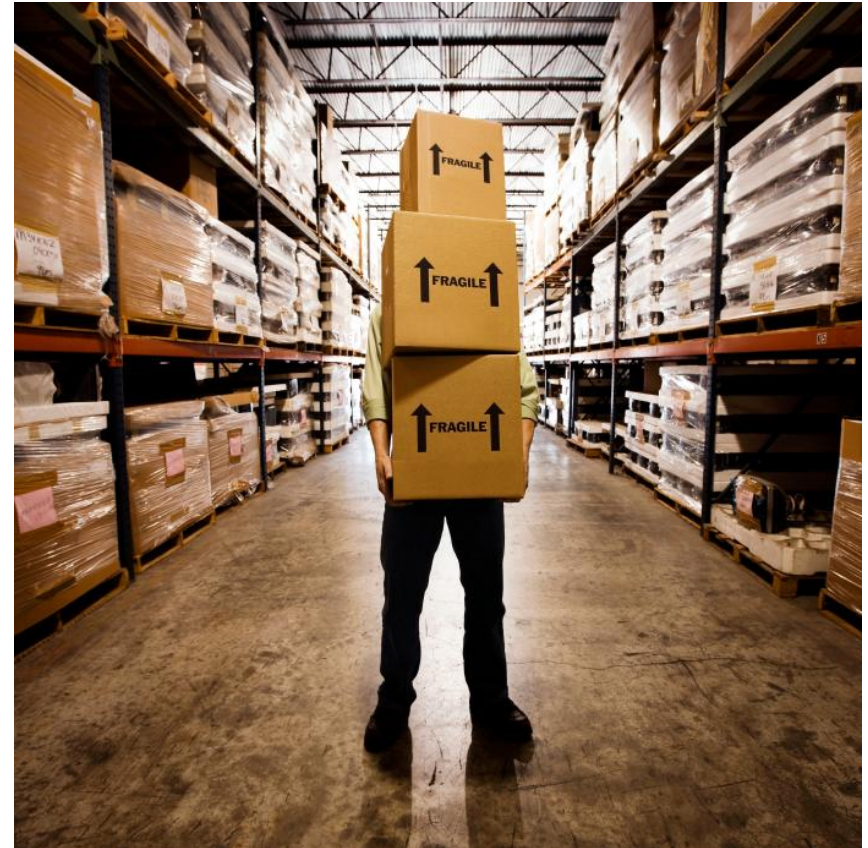
- Addition errors
- Percentage errors
- Not dated after the fact
- Not signed - Employee
- Not signed — Supervisor
- Not prepared monthly
- Incomplete PAR



Common Observations

Inventory

- Equipment not properly tagged
- Not following APSCN requirements >\$1,000
- Not following ACE requirements >\$200
- Not recording the correct purchase price
- Not following EDGAR requirements





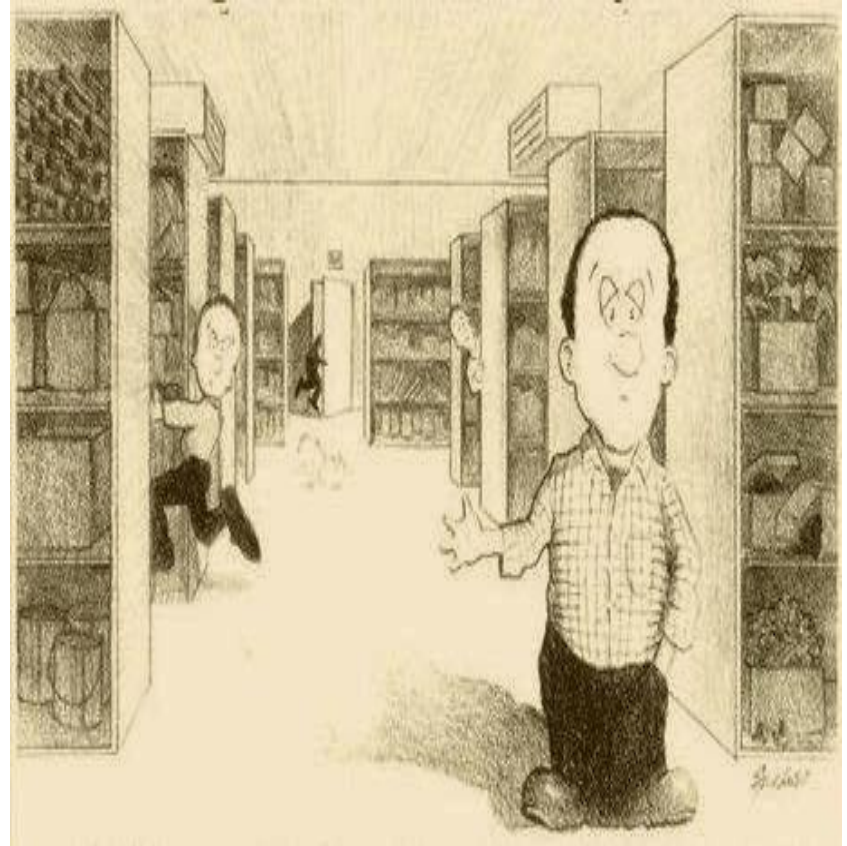
Barney, it's time for inventory again

Has it already been two years since our last inventory?

Common Observations

Inventory

- Physical inventory was not taken or reconciled to property records at least every two years (EDGAR 80.32)
- Equipment not being used
- Obsolete equipment not removed from inventory



Common Observations

- Attendance sheets not maintained properly
- Need better supportive documentation
- Funds drawn at the end of the year
- Equipment not purchased timely
- Lack of Internal Controls



Prior to auditor visit

- Notification of the financial review
- Auditor will contact you
- You will need to provide a Expenditure Audit Trail **Audit21 report** to the auditor
- You will be asked to complete a Internal Control Questionnaire prior to auditor arrival
- Salary documentation will be requested
- Inventory report from APSCN for Perkins Equipment will be requested

Audit Program/Plan

- Audit Program - definition
 1. identification of the audit procedures followed in an audit.
 2. outline and description of the steps and work to be conducted in an audit engagement. The audit program guides and controls the work of staff assistants. When a task is conducted, identification is made of who performed it and the date.

Audit Steps

- Review Application
- Review all Amendments
- Review Annual Expenditure Report
- Review Equipment list
- Review Reimbursement request
- Review MOUs
- Review the Independent Audit



Audit Steps



- Review **Expenditure Audit Trail Audit21 report**
- Scan expenditures and test transactions
- Follow up on expenditures and transactions
- Verify dates of purchase for equipment
- Reconcile Expenditure Audit Trail to the Annual Expenditure Report

Audit Steps



- For salaries we will review PARs, contracts, supportive documentation of salary expenses
- For Consortia all assignment of funds agreements will be reviewed
- Review Internal Controls
- Review Inventory Records
- Verify equipment purchases

Potential Future Audit Plans

- Cash Management review
- Budget review
- Suspension and debarment procedures
- Specific transaction reviews
- Record retention
- Cost & Price analysis



Future Audit Plan

- 25 Financial reviews
- 4 Consortia
- 20 LEAs
- 5 Follow up reviews



Questions?

List of Rules & Regulation

Resources

Perkins reference Manual for Coordinators and State Staff Carl D. Perkins Career and Technical Education Act of 2006 <http://ace.arkansas.gov/CTESCTEPerkinsInfo.htm>

EDGAR <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

OMB Circulars http://www.whitehouse.gov/omb/circulars_default

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations

Department of Education <http://www2.ed.gov/policy/gen/leg/recovery/rms-web-conferences.html>
Webinars

GSA Excluded Parties List System <http://www.epls.gov/>

Arkansas Department of Education rules <http://arkansased.org/about/rules/current.html>

Handout

WORKSHEET

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